

Q1 2010



City of Fairfield Sales Tax *Update*

Second Quarter Receipts for First Quarter Sales (Jan-Mar 2010)

Fairfield In Brief

Receipts from Fairfield's January through March sales were 7.9% lower than the same quarter one year ago, but payment aberrations skewed the data. Excluding anomalies, actual sales fell 4.9%.

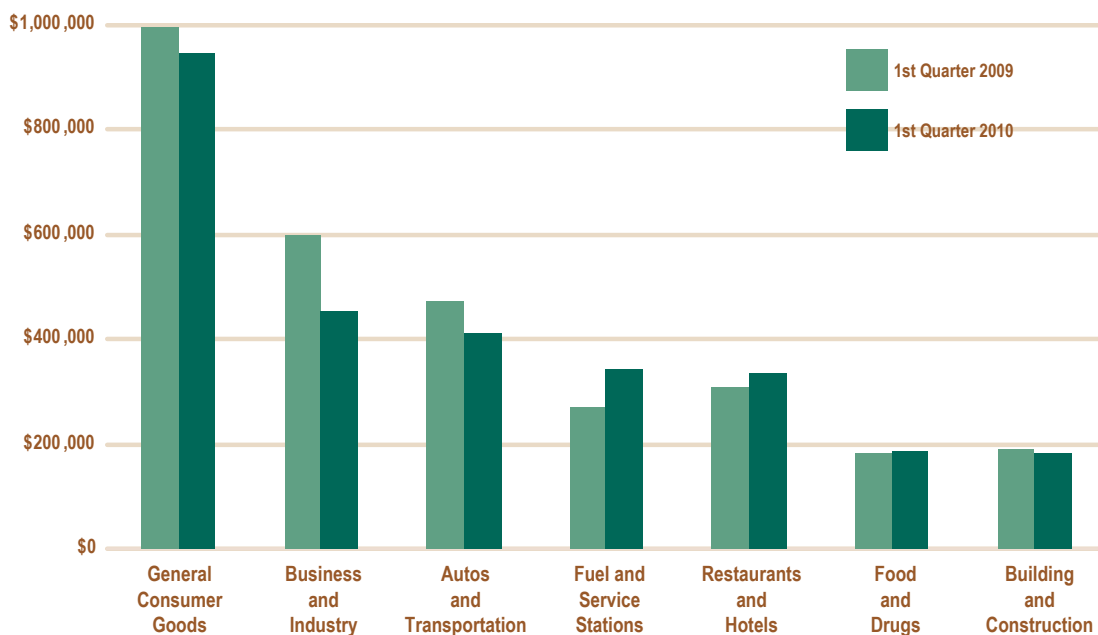
Heavy and light industrial, health/medical and business services categories declined. Onetime payment aberrations exaggerated the heavy industrial drop. New motor vehicle dealers and auto leasing companies continued recent downtrends but retroactive payment aberrations boosted new auto results last year. Sporting goods/bike stores and home furnishings groups were impacted by business closeouts. Temporary payment adjustments cut electronics & appliance store and home furnishings proceeds. Contractors, lumber/building materials and plumbing/electrical supplies groups were all down on lower sales.

Onetime use tax payments that inflated countywide use tax pool amounts in the comparison period also exaggerated the overall quarterly decline

Higher fuel prices caused the jump in receipts for the service station category and for grocery stores with beer/wine that also sell gasoline. New business additions benefited the specialty store and restaurants with liquor groups.

Net of payment adjustments, all of Solano County dropped 4.8%.

SALES TAX BY MAJOR BUSINESS GROUP



TOP 25 PRODUCERS

In Alphabetical Order

Arco AM PM	McDonalds
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Best Buy	Professional Hospital Supply
Costco	Raleys
Fairfield Chevrolet	Safeway
Subaru	Sears
Fairfield Toyota	Shell/Texaco
Food Maxx	Steve Hopkins
Home Depot	Honda
Infiniti Of Fairfield	Super Serv Chevron
Northbay Motor Cars	Target
JC Penney	Tower Mart
K Mart	Travis Chevron
Macys	Walmart

REVENUE COMPARISON

Four Quarters – Fiscal Year To Date

	2008-09	2009-10
Point-of-Sale	\$13,999,744	\$12,174,391
County Pool	1,470,754	1,698,841
State Pool	7,134	11,027
Gross Receipts	\$15,477,632	\$13,884,260
Less Triple Flip*	\$(3,869,408)	\$(3,471,065)

*Reimbursed from county compensation fund

Statewide Results

Adjusted for accounting aberrations, California's local sales and use tax revenues from the first quarter of 2010 were 1.1% higher than the same quarter one year ago. This marks the first year-over-year gain in statewide sales in two and one-half years.

For most agencies, the increase came almost exclusively from the 33% recovery in fuel prices since first quarter 2009. An early Easter also helped boost receipts from discount department stores and value priced apparel while year-end bonuses, the prior stock market rally and manufacturer incentives produced auto sales gains in some high income communities.

Geographically, the central and northern coastal areas of California did better than the rest of the state. However, the only solid across-the-board increases occurred in a few areas surrounding the technology centers of Silicon Valley.

Projections for a Tepid Recovery Continue

Statewide, declines in local sales and use tax revenues are generally thought to have "bottomed out" and expectations are for moderate gains in local allocations over the next two quarters. Rising fuel prices, stimulus rebates for energy-related purchases, inventory rebuilding by retailers and manufacturers and a temporary slump in consumer savings to satisfy pent up demand are all expected to have a positive impact on revenues.

Aggressive manufacturer incentives are also projected to improve new car sales over the next few quarters although the taxable values of the units sold will be far less than at the peak of the credit bubble when 40% of all California new car sales were financed from home equity loans which had encouraged more expensive purchases. However the increases are anticipated to taper off in the last half of the fis-

cal year as inventory rebuilding winds down and various federal stimulus and tax incentive programs are phased out. Overall year-end gains are expected to be modest except in jurisdictions benefitting from new development or specific business/retail segments.

The current consensus is that California's fiscal problems, high unemployment and a continued slump in construction activity make significant recovery in tax revenues unlikely before 2012-2013.

Local Add-On Sales Tax Measures Approved

All six proposals for sales tax add-ons were approved in June as voters continued to exhibit an openness to financing services in their immediate communities where they have more input and control.

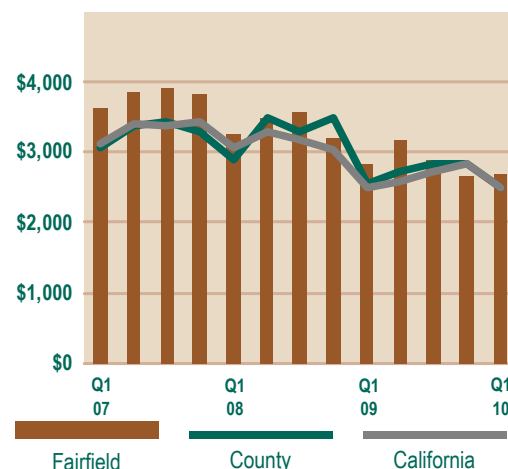
New taxes were approved in the cities of Calexico, Cathedral City, Cotati, Rohnert Park and Woodland. Davis approved continuation of an existing tax that was about to sunset.

This brings the number of agencies

with one or more "transactions tax" districts to 78 cities and 27 counties. While sales tax is collected on all purchases and allocated to where the sale is negotiated, the local "transactions tax" is collected and distributed for purchases in only the levying jurisdiction where the goods are delivered, consumed or registered.

A dozen agencies are considering similar measures for the November 2010 ballot.

SALES PER CAPITA



FAIRFIELD TOP 15 BUSINESS TYPES

Business Type	Fairfield		County	HdL State
	Q1 '10*	Change	Change	Change
Service Stations	\$324.5	27.6%	33.6%	28.0%
Discount Dept Stores	306.8	2.8%	3.3%	4.9%
New Motor Vehicle Dealers	275.9	-16.4%	6.0%	0.0%
Health/Medical	263.3	-8.4%	-7.0%	-4.1%
Restaurants No Alcohol	190.5	5.6%	-4.5%	-3.3%
Department Stores	148.0	-6.3%	-6.4%	-1.0%
Electronics/Appliance Stores	108.7	-12.4%	-7.8%	-6.0%
Restaurants Liquor	88.8	34.3%	8.0%	5.0%
Lumber/Building Materials	87.0	2.0%	12.7%	1.6%
Grocery Stores Liquor	83.3	-1.3%	0.8%	-3.5%
Specialty Stores	73.8	28.7%	28.2%	-3.7%
Family Apparel	70.9	-3.9%	11.7%	13.6%
Contractors	67.5	-8.8%	-20.6%	-14.9%
Home Furnishings	63.6	-26.0%	-13.6%	-1.7%
Restaurants Beer And Wine	48.3	-5.6%	-8.0%	-6.0%
Total All Accounts	\$2,863.9	-5.4%	-2.2%	0.8%
County & State Pool Allocation	398.6	-22.5%		
Gross Receipts	\$3,262.5	-7.9%		

*In thousands